

MRTU AGREEMENT

between:

THE CALIFORNIA DEPARTMENT OF WATER RESOURCES ("CDWR")

and

KINGS RIVER CONSERVATION DISTRICT ("KRCD")

This agreement (the "MRTU Agreement") references the Amended and Restated Master Power Purchase and Sale Agreement by and between CDWR and KRCD dated August 18, 2004 (the "PPA"). All capitalized terms used, but not otherwise defined herein, shall have the same meaning given to them in the PPA.

CDWR and KRCD (the "Parties") understand and agree that the California Independent System Operator's ("CAISO") upcoming implementation of the Market Redesign and Technology Upgrade ("MRTU") will significantly change the energy market in California. This change includes, among other things, the way participants bid and schedule energy, the processes by which transactions are settled, new terminology, and how CAISO costs and charges are allocated to participants.

The Parties enter into this MRTU Agreement to memorialize their agreement with respect to certain issues including billing, scheduling, delivery of electricity, and related contract matters arising out of the implementation of MRTU, which affect the PPA. To preserve the current respective financial positions of the Parties as nearly as possible upon implementation of MRTU (the "MRTU Start Date"), the Parties agree to the following clarifications and interpretations of the PPA. In consideration of the respective benefits to the Parties and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, the Parties hereby enter into this MRTU Agreement, which shall take effect upon the Effective Date (defined below).

1. CAISO Terms

To the extent the exercise by the Parties of their rights and obligations under this MRTU Agreement requires incorporation of CAISO Tariff definitions relating to MRTU, the Parties agree that all such definitions shall be applicable to the PPA.

2. Scheduling

Pursuant to Section 2.05(a) of the PPA, CDWR shall have the right to direct KRCD to bid Energy up to Rated Capacity into applicable CAISO markets on CDWR's behalf. During the Term, each Party or each Party's Scheduling Coordinator ("SC") shall conduct all scheduling in full compliance with the applicable CAISO Tariff, protocols and scheduling practices for Energy on a Day-Ahead or Real Time basis, as defined in the CAISO Tariff. Throughout the Term,

CDWR and KRCD shall utilize Inter-SC Trades ("ISTs") for delivery of Energy at the listed Delivery Point ("P-Nodes"). Energy and deliveries through Self-Schedule IST and/or bidding into the applicable CAISO markets shall comply with the CAISO Tariff.

Pursuant to Section 2.04(b) of the PPA, to the extent a forced or partial outage occurs after the close of the Day-Ahead market, seller shall be responsible for all CAISO charges, including imbalance charges for the first three (3) hours. CDWR will be responsible for imbalance charges after three (3) hours from the top of the hour in which the Forced Outage initiated.

Pursuant to Section 2.04(b) of the PPA, to the extent KRCD incurs costs or receives benefits beyond three (3) hours as a result of schedule reductions, those costs and benefits shall be passed through to CDWR. KRCD shall provide complete documentation of all such costs and credits in accordance with Article 5 of the PPA.

Pursuant to Sections 2.05 and 3.06 of the PPA, CDWR and KRCD shall mutually develop a standard Dispatch Notice that the Parties' respective SCs will use for the availability and dispatch from the plant and scheduling instructions.

3. Load Uplift Obligation

Pursuant to Section 2.05(a) of the PPA, KRCD shall schedule ISTs for Load Uplift Obligation equal to the energy volume corresponding to the self-scheduled portion of the Day-Ahead Final Physical Energy Schedule. Pursuant to Section 2.01 of the PPA, in the event that the volume of Load Uplift Obligation IST is greater than the self-scheduled portion of the Day Ahead Final Physical Energy Schedule, CDWR shall be financially responsible for the CAISO Load Uplift charges resulting from the difference.

4. Resource Adequacy

Pursuant to Section 3.06 of the PPA, KRCD shall file monthly Resource Adequacy supply plans (as defined in the CAISO tariff) with the CAISO, consistent with the generating capability of the Unit, and will send a copy of these plans to CDWR.

5. Validation Data

Pursuant to Section 3.06 of the PPA, KRCD shall ensure satisfactory access to the Facility, CAISO and other relevant operational data, to the extent the data is in KRCD's possession or control, including but not limited to the following CAISO systems for the KRCD Peaker Facility: the Automatic Dispatch System, the CAISO Master File for the Resource, Scheduling Infrastructure and Business Rules ("SIBR") system, the Scheduling and Logging system for the CAISO

("SLIC"), the CAISO Market Results Interface ("CMRI") system, and the Business Associate Portal Interface ("BAPI") and Secure File Transfer Protocol ("SFTP") systems for the downloading of settlement data. KRCD shall work with its SC to provide CDWR and PG&E (acting as its limited agent) read only digital access to the above-mentioned data from the CAISO. CDWR shall use all such systems and information therein solely for the purpose of scheduling and bidding verification and invoice validation for KRCD.

If the data is not in KRCD's possession, KRCD shall use its best efforts to obtain and provide or arrange for the data when requested by CDWR. PG&E and CDWR shall use all such systems and information therein solely for the purpose of scheduling and bidding verification and invoice validation, except SLIC which shall be limited exclusively to invoice validation. If there are any costs associated with securing the data requested by CDWR, CDWR agrees to consider these costs pass-through costs reimbursable to KRCD as part of the monthly Capacity Payment.

6. CAISO Market Adjustments

Pursuant to Section 3.06 of the PPA, to the extent that KRCD, at nominal cost to KRCD, is exempt from, reimbursed for or receives any refunds, credits or benefits from CAISO for congestion charges or losses, whether due to congestion revenue rights such as CAISO charge codes 6700, 6728, or 6790, or LMP adjustments, market adjustments, invoice adjustments or any other hedging instruments associated with the delivery of Energy in accordance with the terms of the PPA (collectively, any such refunds, credits or benefits are referred to as "Reductions"), then, at CDWR's option, either; (1) KRCD shall transfer any such Reductions, less KRCD costs, and their related rights to CDWR; or (2) CDWR shall reduce payments due to KRCD under the PPA in amounts equal to the Reductions, which KRCD retains.

Pursuant to Section 2.01 of the PPA, to the extent KRCD is assessed charges and/or credits in the CAISO HASP or Real-Time energy market due to CDWR-requested IST changes in the Hour-Ahead process that modify Day-Ahead ISTs, then CDWR will reimburse KRCD for these charges and KRCD will reimburse CDWR for these credits.

7. Additional Changes to Address MRTU

Because of the likelihood of either; (1) the emergence of unforeseen effects of MRTU upon the administration of the PPA which do not become apparent until after the MRTU Start Date, and/or (2) changes made to MRTU by CAISO after the MRTU Start Date, within six (6) months from the MRTU Start Date, the Parties shall meet to negotiate mutually agreeable changes to the PPA, which address these issues.

These clarifications and interpretations of the PPA shall become effective on the MRTU Start Date ("the Effective Date"). Based on the latest information available from CAISO, the Parties currently expect the MRTU Start Date to be March 31, 2009. However, the Parties understand that this date is subject to change at CAISO's discretion. This MRTU Agreement shall terminate upon termination of the PPA.

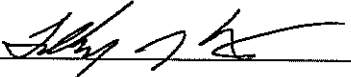
The Parties agree that, in the event there is any inconsistency or conflict between any terms herein and the PPA, as it relates to MRTU, the terms of this MRTU Agreement shall control, until such a time as the Parties may meet and confer to negotiate mutually agreeable terms. The Parties agree to expedite this meet-and-confer process.

The Parties agree that if CAISO reverts to the market systems in place prior to implementation of MRTU, then the terms of this MRTU Agreement shall be suspended during the period of reversion. If CAISO resumes MRTU, this MRTU Agreement will again be in full force and effect.

By entering into this MRTU Agreement, the Parties agree that neither CDWR nor KRCD waives or releases any claim or right it may have under the PPA.

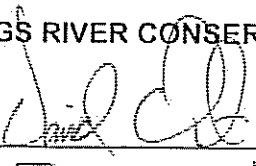
[SIGNATURES ON THE FOLLOWING PAGE]

**CALIFORNIA DEPARTMENT OF WATER
RESOURCES**, a department of the California
Resources Agency, an agency of the State of
California, with respect to its responsibilities
pursuant to California Water Code Section
80000, et seq., regarding the Department of
Water Resources Electric Power Fund,
separate and apart from its powers and
responsibilities with respect to the State Water
Resources Development Systems.

By: 
Name: Timothy J Hines
Title: Deputy Director
Date: 3-30-09

Acknowledged and Agreed:

KINGS RIVER CONSERVATION DISTRICT

By: 

Name: David Oath

Title: General Manager

Date: 3/30/09

bcc: John Pacheco
Jim Spence
Tim Haines
Ram Verma
Gurdip Rehal
Stuart Chan
An Nguyen
Dave Alexander
Chuck Toney
Ziyad Mansour
Tom McGivney
Gwenn O'Hara
Iryna Kwasny
Bryan Gibson
Keith Van Wagner
Mary Akens
Jim Openshaw
Jacque George
George Baldini

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